

## **Complaint**

Mr C has complained about a loan Oakbrook Finance Limited (trading as “Likely Loans”) provided to him.

He says the loan was unaffordable given his circumstances at the time and so shouldn’t have been provided.

## **Background**

Likely Loans provided Mr C with a loan for £1,500.00 in May 2022. This loan was due to be repaid in 24 monthly instalments of £92.61. One of our investigators reviewed what Mr C and Likely Loans had told us. And he didn’t recommend that Mr C’s complaint be upheld.

Mr C disagreed and asked for an ombudsman to look at his complaint.

## **My findings**

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr C’s complaint.

Having carefully considered everything, I’ve not been persuaded to uphold Mr C’s complaint. I’ll explain why in a little more detail.

Likely Loans needed to make sure that it didn’t lend irresponsibly. In practice, what this means is Likely Loans needed to carry out proportionate checks to be able to understand whether Mr C could afford to repay before providing this loan.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Likely Loans says it agreed to Mr C’s application after he provided details of his monthly income and some information on his expenditure. It says it cross-checked this against information on a credit search it carried out and all of this information showed Mr C could afford to make the repayments he was committing to. On the other hand, Mr C has said he was in financial difficulty.

I’ve carefully thought about what Mr C and Likely Loans have said.

The first thing for me to say is that Likely Loans didn't just simply accept what Mr C had told it. It cross-checked Mr C's declaration of income against information on the funds going into his account each month, which it obtained from credit reference agencies.

Likely Loans has also said it carried out credit searches which showed that Mr C's unsecured credit commitments weren't excessive and what he did have was relatively well maintained. For example, while there were defaulted accounts and county court judgments ("CCJ") these were historic in that they occurred more than three years prior to this application. Equally, the credit searches show that Mr C hadn't taken out any payday loans in the six months leading up to this application either.

I accept that Mr C appears to be suggesting that his actual circumstances may not have been fully reflected either in the information he provided, or the information Likely Loans obtained. I've noted what he's said about having missed some payments to credit and then going on to miss a number of payments after this loan was taken out.

I'm sorry to hear about what Mr C has told us. But I don't think that Mr C's small amount of missed payments or his existing debts meant that he shouldn't have been lent to. Equally, it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. Likely Loans wouldn't have known that Mr C would go on to miss payments and I can't say thought it ought to have been aware of the likelihood of this given what the information it did obtain showed.

Given the amount of the monthly payments and the lack of obvious indicators of difficulty in the information Likely Loans did obtain, I don't think that reasonable and proportionate checks would have extended into requesting copies of Mr C's bank statements. At best, even if I were to accept that further checks were necessary, which I'm not necessarily persuaded is the case here, any such checks would only have gone as far as finding out more about Mr C's regular living costs.

Having looked at copies of the bank statements Mr C has provided it is clear that any difficulty he may have had in repaying his loan was due to matters other than his regular living costs. And as I don't think that obtaining bank statements was the only way that Likely Loans could have found out about Mr C's living costs, I can't reasonably say that further checks, which in themselves appear to be unnecessary here, would have shown the level of Mr C's additional spending.

As this is the case, I don't think that Likely Loans did anything wrong when deciding to lend to Mr C - it carried out proportionate checks and reasonably relied on what it found out which suggested the repayments were affordable.

So overall I don't think that Likely Loans treated Mr C unfairly or unreasonably when providing him with his loan. And I'm not upholding Mr C's complaint. I appreciate this will be very disappointing for Mr C. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 17 April 2024.

Jeshen Narayanan  
**Ombudsman**